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China Power International Development Limited

中國電力國際發展有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 2380)

CONNECTED TRANSACTION

EPC Contracting Agreement

On 13 June 2023, Zhucheng Energy, a wholly-owned indirect subsidiary of the Company, entered into an EPC Contracting Agreement with Shandong Institute, pursuant to which Shandong Institute will provide survey design, procurement, construction and installation, and other technical support services in relation to the Zhucheng Energy Storage Project at a consideration of RMB124,350,000 (equivalent to approximately HK\$136,648,000).

As at the date of this announcement, SPIC owns approximately 61.06% of the issued share capital of the Company. As SPIC is the ultimate controlling shareholder of the Company, SPIC, its subsidiaries and associates are connected persons of the Company within the meaning of the Listing Rules.

Shandong Institute is an indirect subsidiary of SPIC and is ultimately controlled by SPIC. Accordingly, Shandong Institute is a connected person of the Company and the entering into the EPC Contracting Agreement constitutes a connected transaction of the Company under the Listing Rules.

As the highest applicable percentage ratio in respect of the EPC Contracting Agreement exceeds 0.1% but is less than 5%, the transaction contemplated under the EPC Contracting Agreement is therefore subject to the announcement and reporting requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Board announces that Zhucheng Energy, a wholly-owned indirect subsidiary of the Company, entered into an EPC Contracting Agreement with Shandong Institute on 13 June 2023 in relation to the construction of an energy storage power station with energy storage capacity of 100MW/204MWh in Zhucheng City, Shandong Province, the PRC.

EPC CONTRACTING AGREEMENT

Date

13 June 2023

Parties

- (i) Zhucheng Energy, as the Employer; and
- (ii) Shandong Institute, as the Contractor.

Services to be provided by the Contractor

The Contractor has agreed to act as the main contractor to provide survey design, procurement, construction and installation, technical support services, and follow-up services for the Zhucheng Energy Storage Project.

Consideration

The total consideration under the EPC Contracting Agreement payable by the Employer is RMB124,350,000 (inclusive of all taxes), comprising (i) fixed fees of RMB73,144,000 (the “**Fixed Fees**”); (ii) estimated fees of no more than RMB47,706,000 (the “**Estimated Fees**”); and (iii) a provisional amount of no more than RMB3,500,000 (the “**Provisional Amount**”).

The Fixed Fees are categorized as follows:

The Fees	Amount (RMB) (Inclusive of all taxes)
Construction and installation fees	45,608,900
Equipment procurement fees	10,845,100
Survey and design fees	2,800,000
Other technical services fees	13,890,000
Total	73,144,000

The Estimated Fees are for ancillary installations and services necessary for the operation of the Zhucheng Energy Storage Project while the Provisional Amount is for administrative expenses.

Payment terms

The Employer shall make an interest-free prepayment to the Contractor equivalent to 10% of the total consideration pursuant to the terms of the EPC Contracting Agreement.

The Fixed Fees shall be payable by instalments in accordance with the construction progress of the Zhucheng Energy Storage Project, and (i) 3% of construction and installation fees; (ii) 10% of equipment procurement fees; (iii) 5% of survey and design fees; and (iv) 5% of other technical services fees, shall be retained as warranty for quality assurance and payable within one month after the expiry of the defect liability period, subject to any applicable deductions.

The Estimated Fees shall be payable in accordance with the construction progress of the Zhucheng Energy Storage Project while the Provisional Amount shall be settled according to the actual amount incurred.

REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTION

The Zhucheng Energy Storage Project is an energy storage demonstration project in Shandong Province which provides an opportunity for the Group to accumulate experience in development of energy storage power stations. The Zhucheng Energy Storage Project will expand the Group's investment portfolio in energy storage power station projects, which is conducive to establishing the Group's market leading position in the field of energy storage, and is in line with the Group's strategy of clean and sustainable energy development.

The Group awarded the EPC Contracting Agreement to Shandong Institute following a stringent competitive open market tendering process, through the procurement and bidding platforms and networks in the PRC, including 中國招標投標公共服務平台 (China Public Service Platform for Tendering and Bidding*), 中國電力設備信息網 (China Electric Power Equipment Information Network*) and 電能易購招標採購平台 (Electricity E-commerce Tendering and Procurement Platform*). The total consideration of the EPC Contracting Agreement conforms with the prevailing rates or on better terms than those charged by other companies for comparable projects in the market. The Directors are of the view that the consideration of the EPC Contracting Agreement and its respective terms are no less favourable to the Group than those available from independent third parties.

The Directors (including the independent non-executive Directors) are of the view that, as far as the shareholders of the Company are concerned, the EPC Contracting Agreement is entered into in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

None of the Directors has material interest in the EPC Contracting Agreement or is required to abstain from voting on the relevant Board resolutions.

INFORMATION OF THE GROUP AND THE EMPLOYER

The Company is the core and flagship listed subsidiary of SPIC. The Group is principally engaged in generation and sales of electricity in Mainland China, including investment, development, operation and management of hydropower, wind power, photovoltaic power and thermal power plants; and provision of energy storage, green power transportation, and integrated intelligent energy solution services. Its businesses are located in various major power grid regions of China.

Zhucheng Energy is a wholly-owned indirect subsidiary of the Company established in August 2021 and is principally engaged in the generation, transmission and supply of electricity, as well as technical services in relation to photovoltaic power generation.

INFORMATION OF THE CONTRACTOR

Shandong Institute is an indirect subsidiary ultimately owned and controlled by SPIC. It was established in 1958 and is principally engaged in providing electric power planning, engineering survey, design and consulting, and project construction services. It possesses comprehensive Grade A qualification certificates in engineering design and engineering survey. It is a national high-tech enterprise and the standing director chair unit of China Electric Power Planning & Engineering Association and has been ranked as one of the forefront companies among the “National Survey and Design Comprehensive Strength 100 Institutes” of the Chinese power industry for the past many years. It has been among the top 60 American ENR • China engineering design companies for four consecutive years, and has been once again among American ENR top 250 International Contractors in World in 2022.

INFORMATION OF SPIC

SPIC is an investment holding company principally engaged in businesses that cover various sectors, including power, coal, aluminum, logistics, finance, environmental protection and high-tech industries in the PRC and abroad. SPIC, together with its subsidiaries, is an integrated energy group which simultaneously owns thermal power, hydropower, nuclear power and renewable energy resources in the PRC.

LISTING RULES IMPLICATIONS

As at the date of this announcement, SPIC owns approximately 61.06% of the issued share capital of the Company. As SPIC is the ultimate controlling shareholder of the Company, SPIC, its subsidiaries and associates are connected persons of the Company within the meaning of the Listing Rules.

Shandong Institute is an indirect subsidiary of SPIC and is ultimately controlled by SPIC. Accordingly, Shandong Institute is a connected person of the Company and the entering into the EPC Contracting Agreement constitutes a connected transaction of the Company under the Listing Rules.

As the highest applicable percentage ratio in respect of the EPC Contracting Agreement exceeds 0.1% but is less than 5%, the transaction contemplated under the EPC Contracting Agreement is therefore subject to the announcement and reporting requirements but is exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors of the Company
“Company”	China Power International Development Limited (中國電力國際發展有限公司), a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company
“EPC Contracting Agreement”	the agreement dated 13 June 2023 entered into between Zhucheng Energy and Shandong Institute in relation to the survey design, procurement, construction and installation, and other technical support services for the Zhucheng Energy Storage Project
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatt, that is, one million watts. The installed capacity of a power plant is generally expressed in MW which is a unit of measurement for the output of power generation
“MWh”	a thousand of kilowatt-hour which is a standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shandong Institute” or “Contractor”	Shandong Electric Power Engineering Consulting Institute Corp. Ltd. (山東電力工程諮詢院有限公司), a company incorporated in the PRC with limited liability and an indirect subsidiary of SPIC

“SPIC”	國家電力投資集團有限公司 (State Power Investment Corporation Limited*), the ultimate controlling shareholder of the Company, a wholly State-owned enterprise established by the approval of the State Council of the PRC (中華人民共和國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhucheng Energy” or “Employer”	國家電投集團諸城能源發展有限公司 (SPIC Zhucheng Energy Development Co., Ltd.*), a company incorporated in the PRC with limited liability, and a wholly-owned indirect subsidiary of the Company
“Zhucheng Energy Storage Project”	a project undertaken by Zhucheng Energy in relation to the development of an energy storage power station with an energy storage capacity of 100MW/204MWh in Zhucheng City, Shandong Province, the PRC

* *English or Chinese translation, as the case may be, is for identification purposes only*

This announcement contains translation between Renminbi and Hong Kong dollars at RMB0.91 to HK\$1.00. The translation shall not be taken as representation that the Renminbi could actually be converted into Hong Kong dollars at that rate, or at all.

By Order of the Board
China Power International Development Limited
HE Xi
Chairman

Hong Kong, 13 June 2023

As at the date of this announcement, the directors of the Company are: executive directors HE Xi and GAO Ping, non-executive directors ZHOU Jie and HUANG Qinghua, and independent non-executive directors LI Fang, YAU Ka Chi and HUI Hon Chung, Stanley.